

**City of Hayward
777 B Street
Hayward, CA 94541**

**Council Airport Committee Meeting
Thursday, April 24, 2008
5:30 p.m.
Work Session Room 2A**

A G E N D A

5:30 p.m. Call to Order - Pledge of Allegiance

Public Comments: (The PUBLIC COMMENTS section provides an opportunity to address the Committee on items listed on the agenda, as well as other items of interest. The Committee welcomes your comments under this section, but is prohibited by State law from discussing items not listed on the agenda. Your item will be taken under consideration and referred to staff.)

- 1. Approval of January 24, 2008 Summary Minutes**
- 2. Annual Evaluation of the Performance-based Noise Ordinance for Calendar Year 2007**
- 3. Airport Budget Review**
- 4. Future Agenda Items**

Distribution:

Mayor and City Council
City Manager
Assistant City Manager
City Attorney
Public Works Director

City Clerk
FAA Tower Manager
Airport Tenants
FBO's

Interested Parties
Daily Review
Post

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request accommodation at least 48 hours in advance of the meeting by contacting the Airport Manager at (510) 293-8678 or TDD (510) 293-1590.

DATE: April 24, 2008
TO: Council Airport Committee
FROM: Robert A. Bauman, ^{rb} Director of Public Works
SUBJECT: Summary Minutes for January 24, 2008

CALL MEETING TO ORDER

Council Member Halliday called the meeting to order at 5:33 p.m. with Council Member Quirk present. Council Member Henson arrived at 5:50 p.m.

City staff: Gregory T. Jones, City Manager
Robert A. Bauman, Director of Public Works
Ross Dubarry, Airport Manager
Jenny Donnelley, Acting Airport Operations Manager
Maureen Conneely, Assistant City Attorney
Craig Bueno, Acting Fire Chief

Members of the public present: John Kyle Jerry Turney
Bob Burnett Bud Field
Drew Detsch Gary Briggs
Scott Briggs Doug King
Roger Bohl Norman Rameriz
Peter Todebush

PUBLIC COMMENTS:

Jerry Turney, member of the Airport's Non-commercial Hangar Tenant Group, spoke regarding an informal survey the group did and they found that building more T-hangars is a high priority item among hangar tenants. Mr. Turney also reiterated that the group is very much in support of City built T-hangars. He handed out an estimate his group received for construction of T-hangars.

1. Approval of Summary Minutes – October 30, 2007 and the Amended Minutes of June 28, 2007 Meetings

Summary Minutes were approved as submitted.

2. Update on South Side FBO Development

Airport Manager, Ross Dubarry presented the staff report. Mr. Dubarry noted that Mr. Bud Field's south side project has been conditionally approved. Final approval by the Federal Aviation Administration (FAA) of the Airport Layout Plan (ALP) and Mr. Field's project require review for National Environmental Protection Act (NEPA) compliance.

Mr. Dubarry reported that an updated fleet mix and aviation demand forecast were submitted to the FAA as part of the process. The FAA Airport Planner raised some concerns regarding the size and frequency of current aircraft operations at Hayward Executive Airport. The Airport Reference Code (ARC) B-II currently assigned to Hayward Executive Airport will need to be upgraded to ARC C-II airport design standards. An entirely new ALP and Narrative Report, incorporating the more stringent ARC C-II design standards, must be prepared before further environmental review of Mr. Field's project.

ALP Updates are eligible for FAA grant funding. The estimated cost for this project is \$300,000 with the City's share being \$15,000.

Council Member Quirk asked if there were things currently at the Airport that might need to change. Robert Bauman, Director of Public Works, responded that the Runway Safety Area (RSA) is one planning issue that could have a significant impact. The ARC C-II design standards extend the RSA to 1000 feet, which will have an effect on the West A Street Extension project. He added that there are ways to mitigate these impacts.

Council Member Halliday and Council Member Henson expressed concern regarding the effect this delay may have on Mr. Field's project. Mr. Bauman assured them that Mr. Field is aware of the situation and understands that his project will not move forward until the FAA has approved the ALP Update and Narrative Report.

PUBLIC COMMENTS:

Mr. Field asked if projects other than his own would be included on the updated ALP. Mr. Dubarry responded that currently no one has submitted a site plan for the south side and the FAA will not unconditionally approve projects on an ALP that are not expected to be completed within three years.

3. Status Report on Aircraft Rescue Fire Fighting

Airport Manager, Ross Dubarry, gave a brief report. In 1996 in response to a Department of Transportation audit, the FAA agreed that Fire Station #6 could provide the airport with fire fighting services in exchange for a waiver of land rent. Currently, the airport provides for annual reimbursement of Aircraft Rescue Firefighting (ARFF) training and recently funded training for three Fire Department personnel to attend a one-day ARFF training course in Salt Lake City, Utah. Airport and Fire Department staff are working together to insure that training continues.

Mr. Dubarry added that airport staff is also looking into purchasing a used ARFF crash truck as the cost of a new truck is approximately \$750,000.

Acting Fire Chief, Mr. Craig Bueno noted that his department has taken steps to upgrade 7 out of 10 fire engines with in-line foam systems to better equip them to handle aircraft related fires.

Council Member Quirk asked Chief Bueno if the used ARFF truck was safe and up to Fire Department standards. City Manager, Greg Jones, responded that the Airport and Fire Department have addressed two major issues, the first issue being that both departments are committed to improved training, the second issue is the acquisition of an ARFF truck that will reinforce the fire fighter's ARFF training, with the long-term goal of setting funds aside for a modern ARFF truck.

Mr. Bauman noted that the FAA does not currently require ARFF crash trucks for general aviation airports and, therefore, is not eligible for FAA funding. He added that there might be funding available in the Airport Capital Improvement Program budget for a used ARFF truck.

Council Member Halliday wanted to express her concerns regarding the City's liability if there were to be a significant jet crash and asked staff to make a commitment to find the funding for new equipment.

Council Member Henson commented that there might be grant funds available from the Department of Homeland Security, as well as other federal funding sources. He thanked the Airport and the Fire Department for their efforts.

Public Comments:

Airport tenant, Jerry Turney, commented on the fact that most of the current airport tenants are owners of small aircraft and that if funding were needed for a new fire truck on the airport, an excellent source of money would be landing fees for aircraft heavier than 12,500 lbs.

4. Future Agenda Items

- Airport Budget and Finances

ADJOURNMENT

The meeting adjourned at 6:35 p.m.

DATE: April 24, 2008
TO: Council Airport Committee
FROM: Director of Public Works
SUBJECT: Annual Evaluation of the Performance-based Noise Ordinance for Calendar Year 2007

RECOMMENDATION:

That Committee review and comment on the attached "Annual Evaluation of the Performance-Based Noise Ordinance for Calendar Year 2007" report.

DISCUSSION:

Each year, Airport staff prepares a report (Attachment A) that evaluates the effectiveness of the City's Performance-Based Noise Ordinance. The findings for calendar year 2007 can be summarized as follows:

1. There were 149,975 aircraft operations at Hayward in 2007, an increase of approximately 1.2 percent from 2006.
2. There were 1,276 complaints filed from January 1, through December 31, 2007. Two households in San Lorenzo filed 1,217 (or 95 percent) of those complaints. As staff was unable to associate any reportable activity to many of the complaints, those that were not correlated to exceedances of the noise ordinance were, as in past years, separated from this report. Staff was able to correlate 25 noise exceedances from the 1,217 complaints received from the two households in San Lorenzo. Those 25 complaints are included in the noise report.
3. With the San Lorenzo anomalies removed, there were 84 complaints from 30 households as a result of aircraft operations at Hayward, representing only .05 percent of the 149,975 total operations.
4. There were 151 exceedances of the noise limits. This represents a slight increase from 2006 (136).
5. Approximately 84 percent of the exceedances of the noise ordinance (125 of 151) were caused by aircraft exempt from restrictions by state or federal laws, or by provisions of the City's noise ordinance.

6. The 26 non-exempt exceedances were .01 percent of the total operations for 2007. This reflects nearly 100 percent adherence to the noise ordinance.
7. Approximately 71 percent (60) of the noise complaints received were associated with a noise decibel limit exceedance. Of these, only 15 percent of the total complaints (13) were associated with a violation of the noise ordinance.

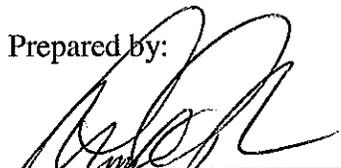
Staff concludes that, overall, the noise ordinance has been highly effective in accomplishing the objectives established by City Council. Since 1993, the number of complaints caused by exceedances of the noise ordinance's decibel limits has dropped from 156 to 60, a reduction of 62 percent. Staff believes that its focus on noise abatement and promoting Hayward's "Fly Friendly" User Education Program may have contributed to this result.

As part of the City's ongoing effort to monitor and ensure compliance with the Noise Ordinance, an Airport Noise and Operations Monitoring System (ANOMS) upgrade was approved in the Airport's Capital Improvement Program budget for FY 2006-2007. The upgrade from Unix based ANOMS 6 to the latest state of the art Windows based ANOMS 8 will deliver capabilities and benefits in the area of reporting and the collection of accurate data. Data can be used and presented with more comprehensive and improved reporting methods.

CONCLUSION:

Staff believes that the noise ordinance is achieving its goal of reducing excessive aircraft noise, and is available to answer any questions Committee members may have.

Prepared by:



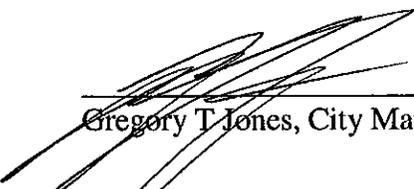
Lloyd Partin, Acting Airport Manager

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



Gregory T. Jones, City Manager

HAYWARD EXECUTIVE AIRPORT

Annual Evaluation of the Performance-Based Noise Ordinance For Calendar Year 2007

OPERATIONS AND NOISE COMPLAINT DATA:

During the period from January 1, 2007, through December 31, 2007, there were 149,975 aircraft operations (145,744) FAA daytime count, 7:00 a.m. to 9:00 p.m., and (4,231) night operations count, (9:00 p.m. to 7:00 a.m.) at the Hayward Executive Airport (HWD). There were 1,276 complaints filed during that period.

Graphs for calendar year 2007 depicting complaints received per month, by neighborhood, time of day, and type of operation are attached as Exhibits 1 through 4. Complaint trends over a ten year period are displayed for reference purposes (Exhibit 5).

The breakdown of aircraft operations and available noise information for CY 2007 is as follows:

1. Of the 1,276 complaints, 1,217 were from two households in San Lorenzo. As in years past, complaints from these two households not correlated with an exceedance of the City's Noise Ordinance have been separated from this report. This is due to the inability of staff to associate any reportable noise activity to many of the complaints and staff's objective to manage limited resources.
2. A total of 30 households filed 84 complaints in CY 2007. In CY 2006, 33 households filed 109 complaints and in CY 2005, 47 households filed 131 complaints.

The percentages of total complaints filed by households were:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
San Lorenzo	86%	81%	72%
Mobile Home Park	2%	5%	1%
Southgate	2%	5%	8%
Other	10%	4%	13%

When complaints not correlated to exceedances or violations from the two households are removed, the annual complaint numbers from San Lorenzo become: 131 in 2005, 88 in 2006 and 84 in 2007.

A total of 8 complaints for 2007 were filed from neighborhoods not in the vicinity of the airport. Most of these complaints were from Castro Valley, Union City, Fremont and Oakland. These complaints were not necessarily from aircraft operating to or from the Hayward Airport.

3. The majority of complaints (68) were received between the hours of 7:00 a.m. to 7:00 p.m. The number of complaints received during the same time period in CY 2006 was 87 (Exhibit 3).

4. Causes of the 84 complaints by type of operation and by type of aircraft are (Exhibit 4):

Departures	68	Helicopter	7
Police	2	Jet	57
Touch and Go's	4	Multi Engine	13
General Complaints	9	Single Engine	<u>7</u>
Run-ups	<u>1</u>		84
	84		

5. The percentage of total complaints (1,276) relative to total operations (149,975) is 0.85%. When the 1,172 complaints from the two San Lorenzo residents, are removed, the percentage of complaints (84) to operations (149,975) is .05%. In 2006 complaints/operations percentage removing the statistical anomalies was .08%.

EXCEEDANCE OF NOISE LIMITS:

In 2007, there were 151 exceedances of the noise ordinance resulting from 149,975 operations. Therefore, only .10% of operations resulted in an exceedance. This is the same percentage as last year. One (1) exceedance represents an SENEL (Single Event Noise Exposure Level) measuring above the level allowed in the ordinance that is recorded at any given Noise Monitoring Terminal (NMT). Therefore, a single aircraft operation, i.e. a landing or take-off, can cause more than one exceedance if the noise level is exceeded at two or more NMT's. Of the 151 exceedances, 125 involved operations exempt (Lifeguard and Stage III) from being considered in violation of the noise ordinance (Section 2-6.123).

Lifeguard	2
Stage III Jet Aircraft	<u>123</u>
	125

EXCEEDANCE OF NOISE LIMITS AND RELATED COMPLAINTS:

A total of 60 complaints were received as a result of the 151 exceedances of the noise limit during CY 2007. There were 47 complaints received on aircraft exempt from noise restrictions by state or federal law, or by provisions of the City's Noise Ordinance, i.e., a Lifeguard flight, Police operation or an ATC request. There were 13 complaints received on aircraft, which operated in violation of the noise ordinance. When a complaint is received by our office and staff investigation determines there was an exceedance of the City's established noise decibel level in accordance with the Noise Ordinance, the owner/pilot of the aircraft is contacted by phone or by mail whenever possible. Airport staff instructs him/her on proper noise abatement procedures and our "Fly Friendly" program, this occurs even for exempt operations.

VIOLATIONS INCURRED BY AIRCRAFT:

HWD Based

There were 4 violations of the noise ordinance by HWD based aircraft. These violations generated 1 complaint from neighboring residents. The pilots involved were informed of the violation. Staff worked closely with the aircraft owners to bring them into compliance. The pilots and/or owners were very cooperative with Airport staff, and are not willful violators or repeat offenders.

Transient

There were 20 transient aircraft, which created 22 violations of the noise ordinance. These aircraft were a mixture of out-of-state and out-of-area aircraft from a variety of cities. The aircraft owners were contacted regarding Hayward’s noise limits and procedures.

RADAR FLIGHT TRACKING:

As part of the City’s ongoing effort to monitor and ensure compliance with the Noise Ordinance, an Airport Noise and Operations Monitoring System (ANOMS) was installed and certified operational in early 2002 and the scheduled transition from “ANOMS 6” to “ANOMS 8” is now undergoing a testing period for the next couple of months. This new and updated state of the art system is windows based and more user friendly. The program can be run from a laptop providing Airport staff with the ability to go out into the community using live data, making it possible to discuss and educate a wider audience on noise and flight track issues. Through information obtained from the Noise Monitoring Terminals (NMTs, Exhibit 6), radar flight tracking data and local air traffic control communications, a significant number of noise and low overflights can be comprehensively investigated. In addition to increased accuracy, ANOMS 8 will further reduce the time necessary to analyze and respond to the public’s inquiries. Exhibits 7a and 7b compare radar flight track data between ANOMS 6 and ANOMS 8.

24 HOUR NOISE ABATEMENT RADIO TRANSMISSION AND NEW COMMUNITY GUIDE:

In early September, 2004, after receiving authorization from the Federal Communications Commission (FCC), Airport staff established a 24 hour, 7-days a week, continuous radio broadcast of the City’s noise abatement and operational procedures. This broadcast allows staff to communicate our “fly friendly” program to local and transient pilots nonstop. Additionally, in our ongoing effort to remain sensitive to the needs of the surrounding airport community, staff designed and printed an *Aircraft Noise Reduction Community Guide* (Exhibit 8). This comprehensive guide provides information to concerned citizens regarding what, how, and when to report aircraft they believe may be in violation of the City’s Noise Ordinance.

NOISE ABATEMENT AND OPERATIONAL PROCEDURES GUIDE FOR HELICOPTERS:

In January of 2005, due to an increase in noise complaints associated with increased helicopter presence at the Airport, staff proposed to undertake a helicopter arrival and departure procedures study. With the assistance of an outside consultant, a “working group” comprised of representatives from the FAA, Longwood and Winton Grove neighborhoods, helicopter operators and City/Airport staff was established. After numerous meetings, including two public meetings, utilizing the information obtained, the consultant and City staff developed a Noise Abatement and Operational Procedures Guide for Helicopter Operators (Exhibit 9). Established arrival and departure routes along with pilot education regarding the noise sensitive areas surrounding the Airport should significantly reduce the number of helicopter-related noise complaints.

SUMMARY OF NOISE VIOLATIONS FOR CALENDAR YEAR (CY) 2007:

Violations incurred by based aircraft operators:	4
Violations incurred by transient operators:	<u>22</u>
Total:	26

SUMMARY OF FINDINGS FOR CALENDAR YEAR (CY) 2007:

1. There were 149,975 aircraft operations at Hayward in 2007. This is an increase of approximately 1.2% from 2006 (133,462).
2. There were 151 exceedances of the noise limits. This represents a slight increase from 2006 (136).
3. There were 84 complaints from aircraft operations at HWD, representing only 0.05% of the 149,975 total operations. The number of households submitting complaints decreased from 33 in CY 2006 to 30 in CY 2007.
4. Approximately 84.5% of the exceedances of the noise ordinance (125 of 151) were caused by aircraft exempt from restrictions by state or federal laws, or by provisions of the City's noise ordinance.
5. The 26 non-exempt exceedances were .01% of the total operations for 2007. This reflects nearly 100% adherence to the Noise Ordinance.
6. Approximately 71% of the noise complaints (60) received was the result of a noise decibel limit exceedance. Only 15% of the complaints (13) were the result of a violation of the Noise Ordinance.

CONCLUSIONS:

Staff is committed to accomplishing the objectives established by City Council. Conclusions can be summarized as follows:

1. Since 1992, the number of complaints caused by exceedances of the noise ordinance has dropped from 156 to 60, a reduction of 38%.
2. Aircraft not in compliance with FAA's estimated maximum A-weighted sound levels in accordance with Advisory Circular 36-3F are unable to operate at the airport without detection, subsequent investigation and appropriate correction.
3. Aircraft noise has been reduced to decibel levels that respond to the environmental concerns of the community, yet are not so severe as to preclude HWD from serving the general aviation needs of the community.
4. The noise ordinance is reasonable and reflects significant positive input from the community and a number of airport users.
5. The "Fly Friendly" User Education Program continues to be effective by instructing local and transient pilots in quiet-flying techniques and in the use of the noise abatement procedures at HWD. The procedures are designed to reduce aircraft over-flights in the surrounding communities of the airport; through mandatory noise briefings for new tenants, providing information on proper operational procedures in our newsletter, sending instructional fliers to various flight schools in the area and investigating aircraft flights via our radar tracking system.

The program has been effective in reaching both local and transient operators as evidenced by the low percentage of violations and 99.92% adherence to the noise ordinance by local and transient operators. A toll free telephone number is maintained to encourage pilots and corporate groups to inquire about noise abatement procedures and the noise ordinance prior to using HWD. They can also direct inquiries to staff through airport email on the City's website.

EXHIBITS:

1. Complaints Received/Month
2. Complaints by Neighborhood
3. Complaints by Time of Day
4. Complaints by Type of Operation and Type of Aircraft
5. Complaint Comparison 2003-2005
6. Noise Monitor Locations Map
- 7a. Radar Flight Tracks(ANOMS 6)
- 7b. Radar Flight Tracks (ANOMS 8)
8. Aircraft Noise Reduction Community Guide
9. Noise Abatement and Operational Procedures Guide for Helicopter Operations
10. Appendix A

Complaints by Month

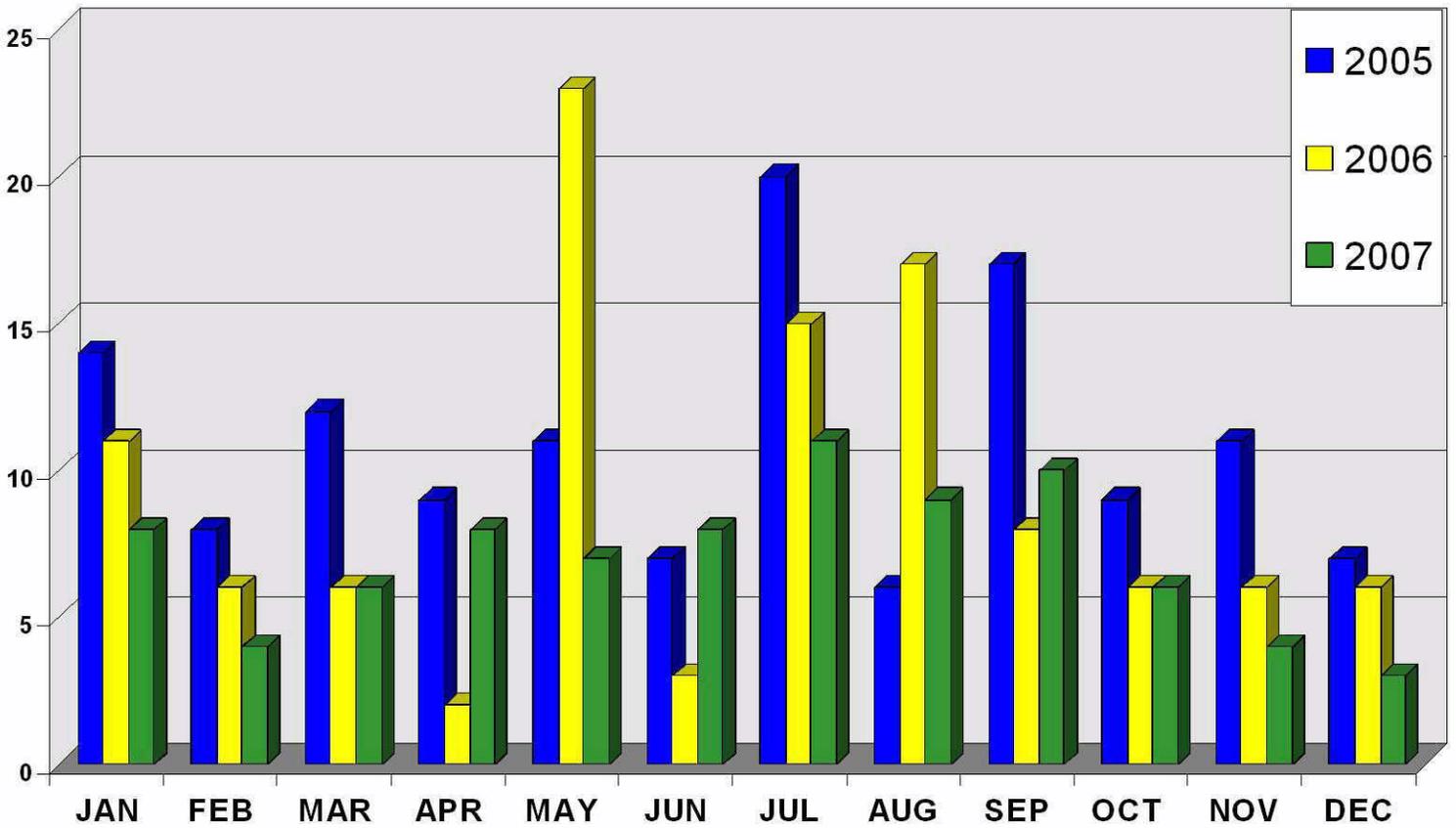


Exhibit 1

Complaints by Location

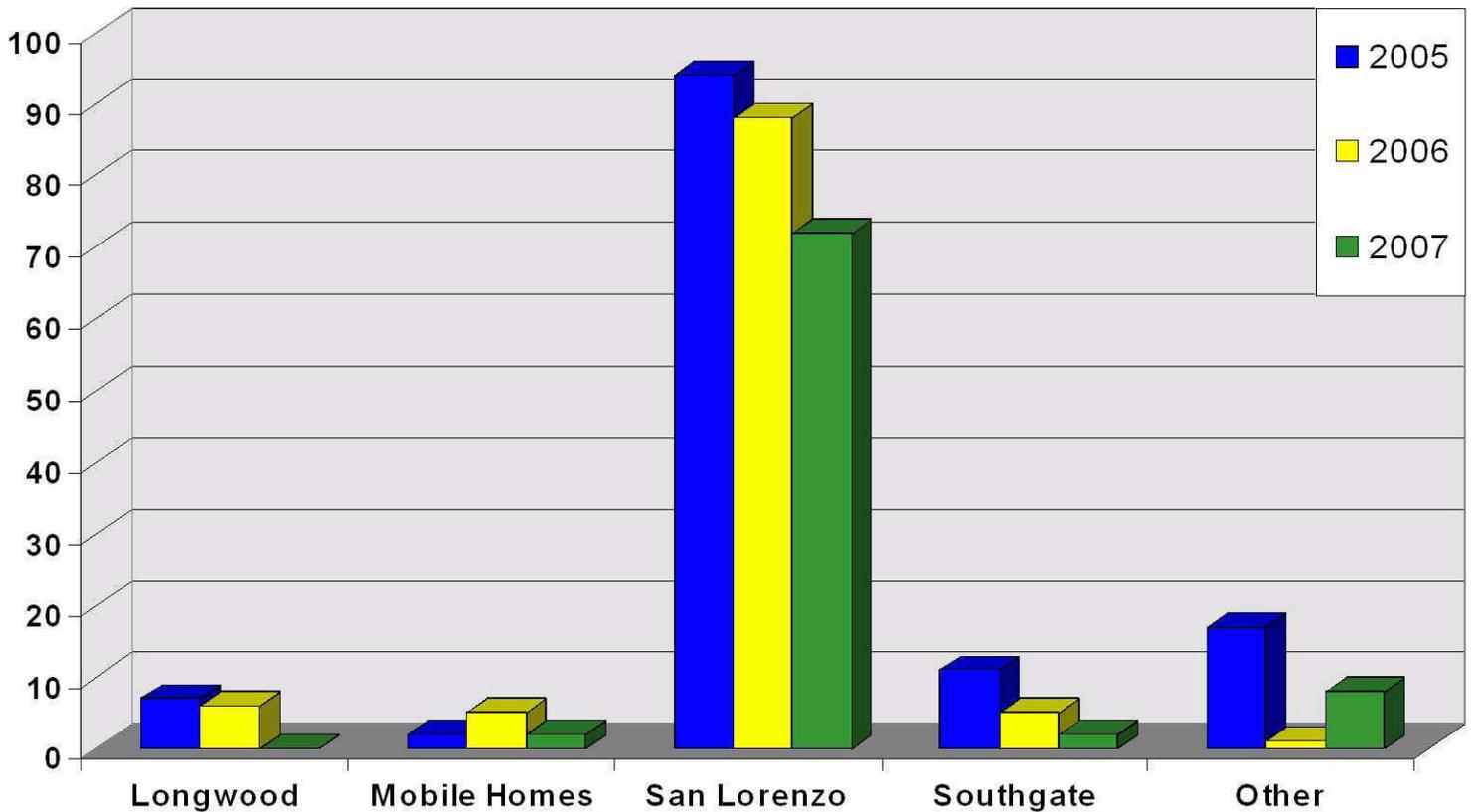


Exhibit 2

Complaints by Time of Day

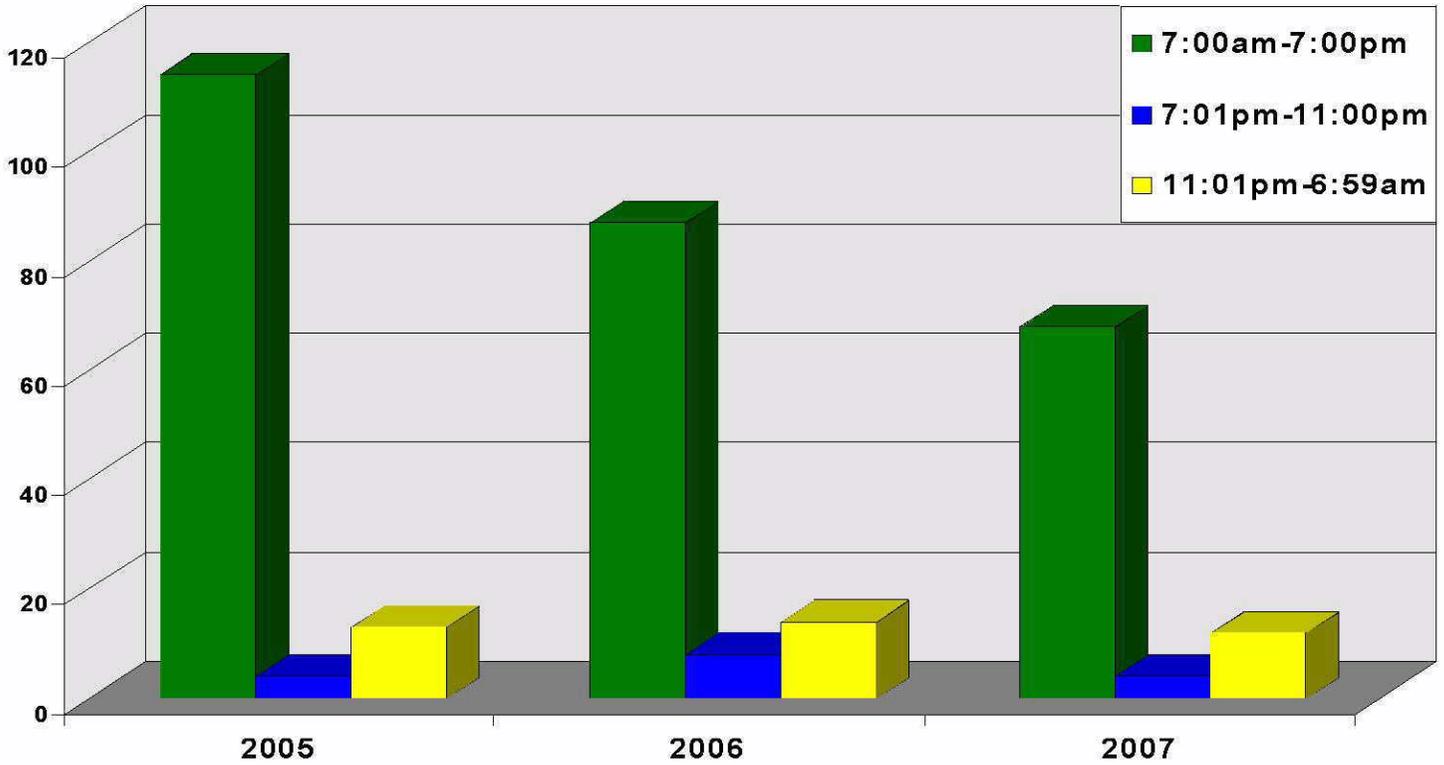
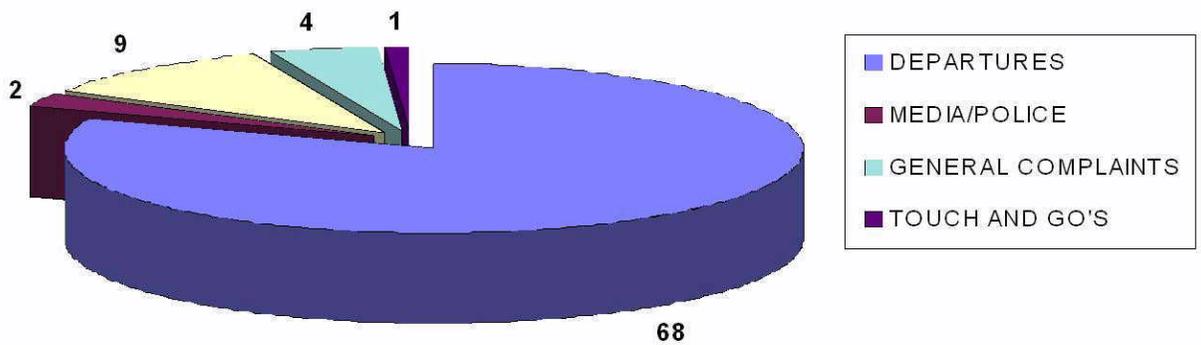


Exhibit 3

COMPLAINTS BY OPERATIONS 2007



COMPLAINTS BY TYPE OF AIRCRAFT 2007

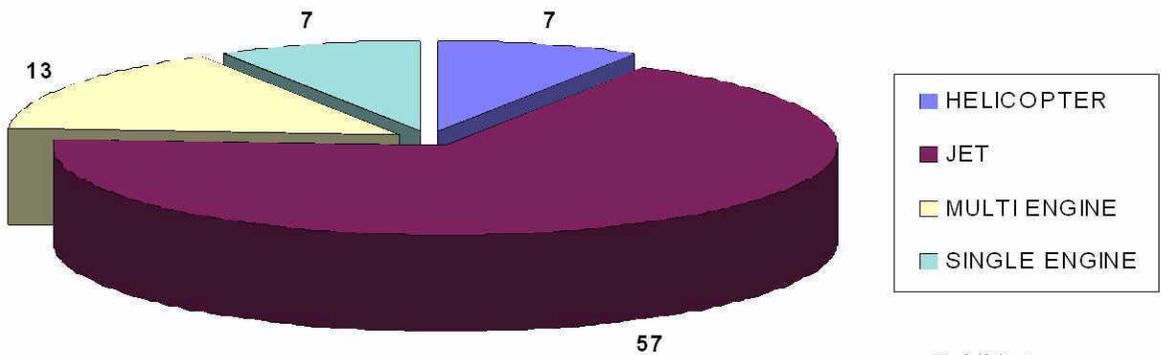
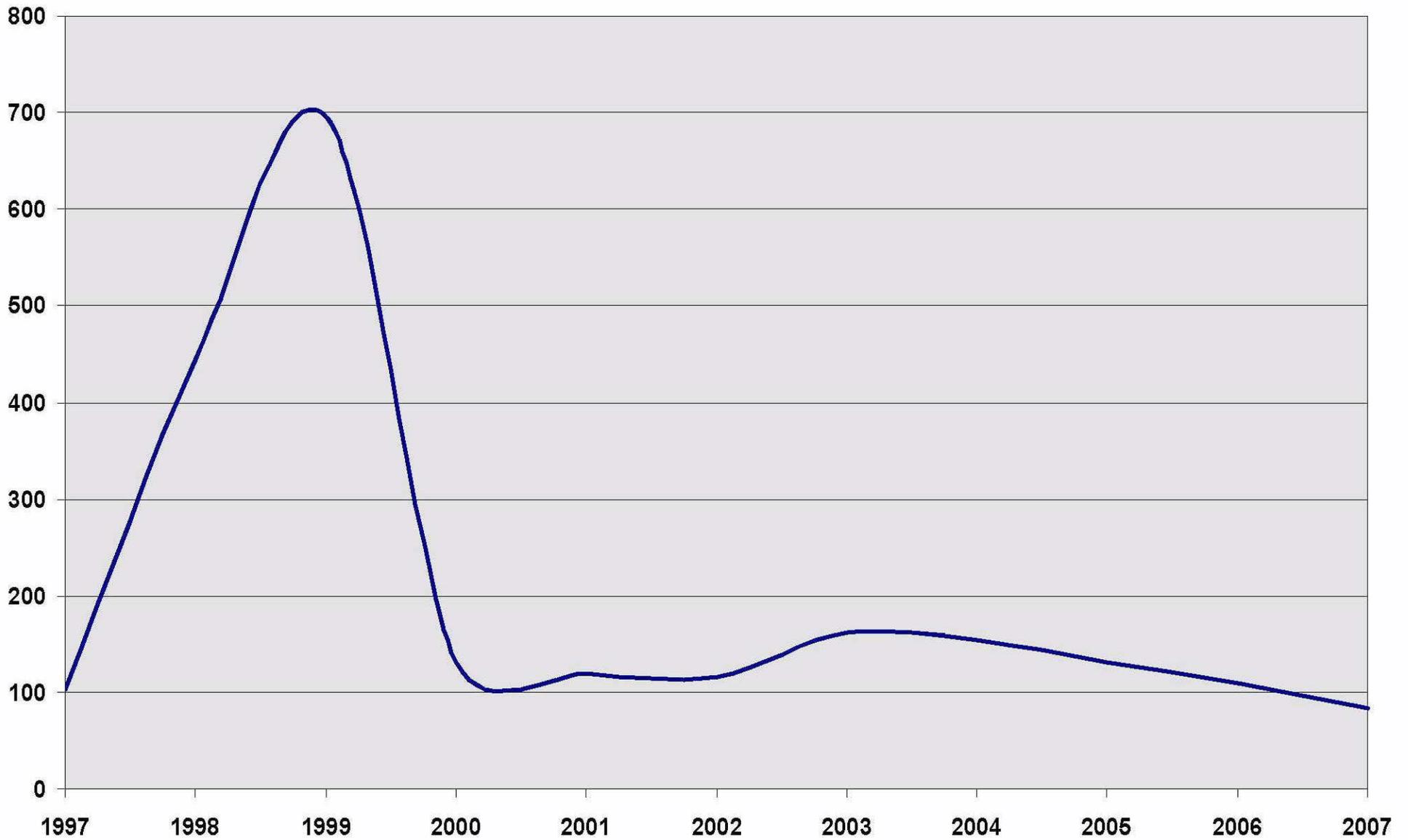


Exhibit 4

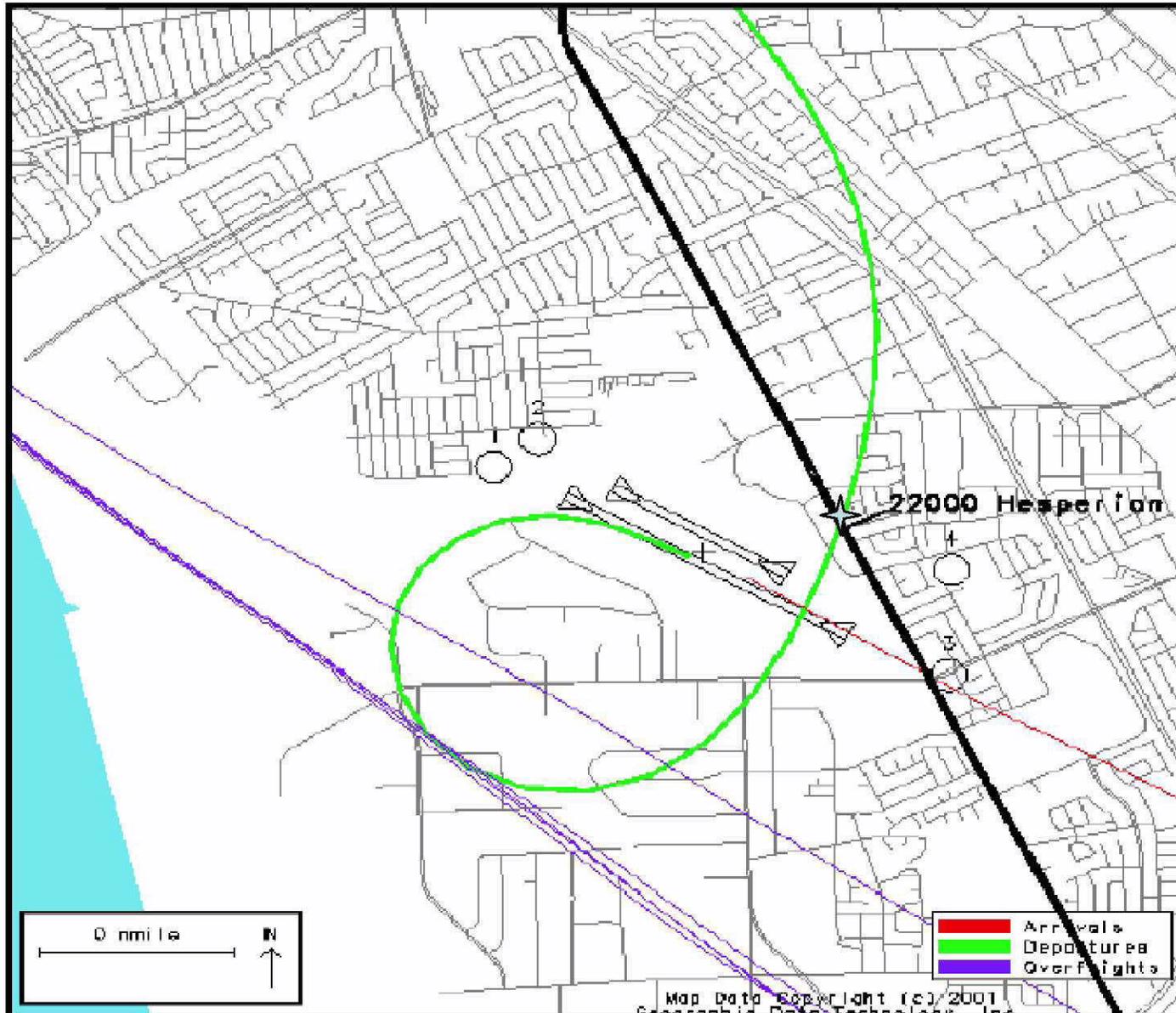
Ten Year Complaint Trend





▲ Noise Monitoring Terminals (NMT'S)

Radar Flight Track Data (ANOMS 6)



★ = Track Target
Latitude: 37.6611
Longitude: -122.1149
Altitude: 1033 ft
Time: 20:13:02
SENEL: 73.6 dB

Exhibit 7a

Radar Flight Track Data (ANOMS 8)

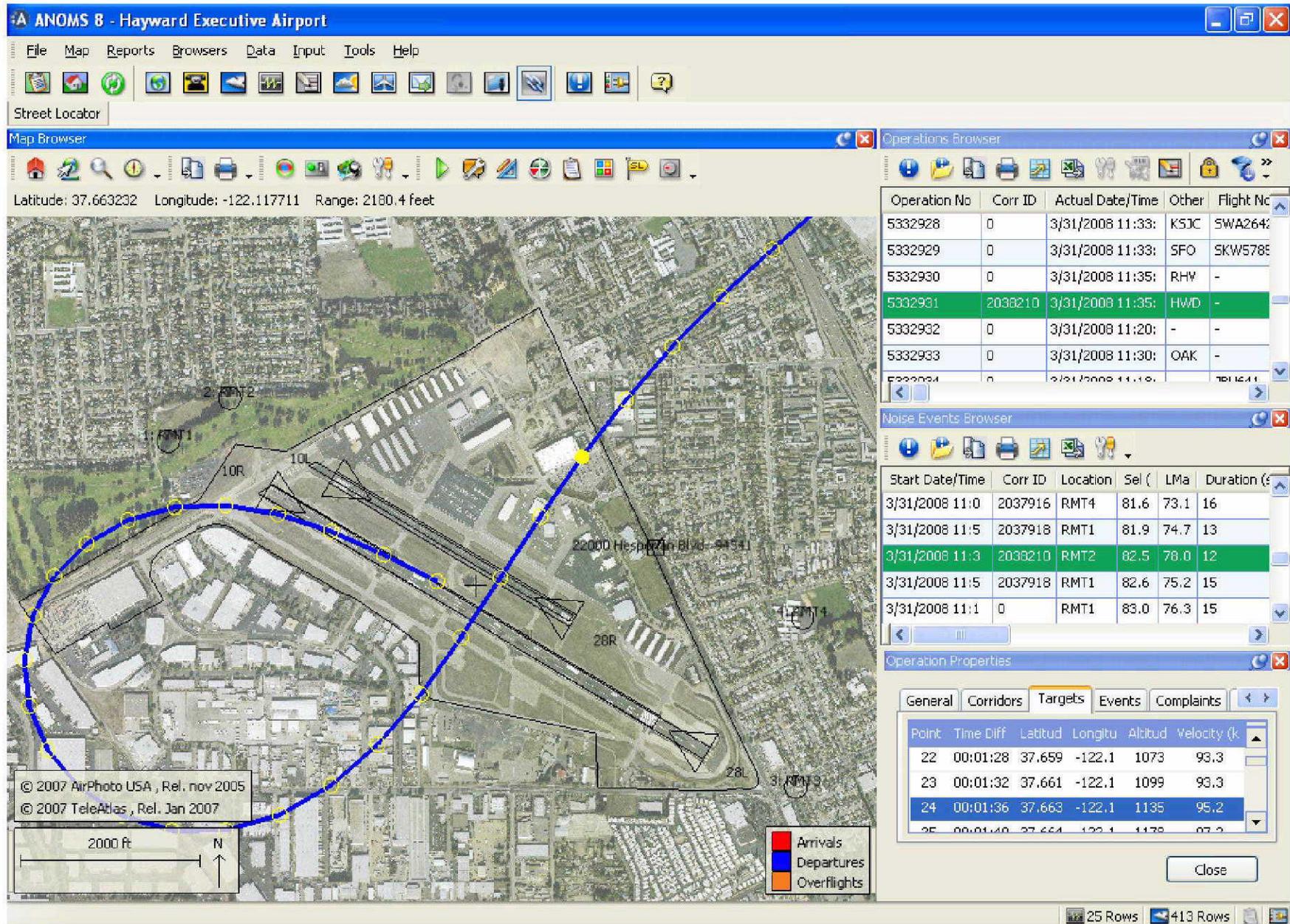


Exhibit 7b

APPENDIX A

History of the Performance-Based Noise Ordinance

BACKGROUND:

On January 1, 1988, the Hayward City Council enacted an aircraft noise ordinance. The ordinance set noise decibel limits for aircraft which relied upon measured decibel levels contained in the Federal Aviation Administration (FAA) Advisory Circular (AC) AC-26-3F. This Advisory Circular is a published list of certified maximum decibel levels for specified aircraft on takeoff. The 1988 ordinance was an interim measure taken by the City Council until a performance-based noise ordinance could be implemented.

In November 1988, a permanent noise monitoring system consisting of four noise monitoring terminals was installed in the community. Data collected from these monitors during the 19-month test period, as well as analysis of information in AC-36-3F, provided the basis for the maximum aircraft noise limits contained in the Performance-based Noise Ordinance. The ordinance was implemented on February 1, 1992.

In order for aircraft to operate at the airport within the parameters established under the Performance-Based Noise Ordinance, they must not exceed certain maximum noise decibel levels contained within the ordinance. The noise levels generated by aircraft are monitored and recorded 24 hours a day. Specialized equipment records the sound levels at which aircraft are actually being operated. Aircraft must not exceed the maximum noise limits established for any of the four individual noise monitors stationed in the community.

Section 2-6.120 of the Performance-Based Noise Ordinance sets forth aircraft noise limits for each noise monitor in the system, taking into consideration the runway in use and the time of day.

In summary, the Performance-Based Noise Ordinance states that no aircraft may take off, land, or otherwise operate at the airport between the hours of 7:00 a.m. and 11:00 p.m. if it generates a Single Event Noise Exposure Level (SENEL) exceeding the following values measured at any one of the four Noise Monitoring Terminals (NMT). They are:

<u>Noise Monitoring Terminal</u>	<u>Runways 28L/28R</u>	<u>Runways 10R/10L</u>
NMT #1	98	98
NMT #2	98	98
NMT #3	98	100
NMT #4	98	99

Additionally, no aircraft may take off, land or otherwise operate at the airport between the hours of 11:01 p.m. and 6:59 a.m. if it generates a SENEL which exceeds the following values as measured at any one of the four Noise Monitoring Terminals (NMT):

<u>Noise Monitoring Terminal</u>	<u>Runways 28L/28R</u>	<u>Runways 10R/10L</u>
NMT #1	95	95
NMT #2	95	95
NMT #3	95	97
NMT #4	95	96

For the location of each Noise Monitoring Terminal, see Appendix A, page 3.

OBJECTIVES OF NOISE ORDINANCE:

The ordinance was designed to accomplish the following objectives as set forth by the City Council:

1. To reduce the number of aircraft operations at the airport which generate excessive noise decibel levels resulting in consistent complaints, subject to regulations which may be imposed by state or federal laws; and
2. To reduce aircraft noise decibel levels in response to the environmental concerns of the community without impairing the ability of the airport to serve the general aviation needs of the community and the national air transportation system; and
3. To adopt reasonable rules that would be legally defensible; and
4. To implement noise enforcement standards allowing operators of aircraft which exceed established noise levels the flexibility to modify their aircraft or otherwise bring their performance standards into compliance with the noise ordinance.

DATE: April 24, 2008
TO: Council Airport Committee
FROM: Robert Bauman, Director of Public Works
SUBJECT: Airport Budget Review

RECOMMENDATION

That the Committee reviews and comments on this report.

BACKGROUND

The Airport Enterprise Fund is a financially self-sufficient division under the Public Works Department. Through the administration of user fees and charges, federal and state grants, and property management the airport is able to finance all operations, including transfers to fund a Capital Improvement Program (CIP). The airport is included in the National Plan of Integrated Airports System (NPIAS) and is designated as a general aviation reliever airport for the San Francisco Bay Area. As such, the City is eligible for Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants. AIP grants are considered discretionary funds and are allocated regionally by the FAA Airports District Office (ADO) through a competitive application process. In addition to discretionary funds, the airport receives an annual entitlement of \$150,000 from the FAA to finance additional airside improvement projects. The City has been very successful in its application for AIP grants and was recently awarded \$1.2 million to construct a transient helicopter parking apron. As a condition for receiving federal aid, the City is obligated to ensure the airport is as self-sufficient as possible. "Income from revenue-producing property must be fully accounted for and adequate records kept to evidence its application to or reservation for airport purposes" (FAA Order 5190.6A).

DISCUSSION

The airport receives revenues from more than 10 different sources. The most significant sources of revenue are Land Rent, Building and Hangar Rent, Commissions, and Interest Income. Overall, the airport is estimated to receive more than \$3 million in total revenues for the fiscal year ending June 2008. The single biggest source of revenue is Land Rent and is comprised of both aviation and non-aviation land leases. Summary charts depicting sources of revenue and expenditures projected for FY 09 are attached as Exhibit A.

Building and Hangar Rent revenue consists of rental income for the Air Traffic Control Tower (FAA) and City owned hangars. Hangar revenue is administered through the City's Master Fee Schedule; projected increases are based upon Consumer Price Index (CPI) increases and Fair Market Value (FMV) appraisals alternating every 2 years.

Commissions are comprised of fuel flowage fees and a percentage of Skywest Golf Course greens fees. Fuel sales generate approximately 55 percent of revenues in this category. Current fuel volumes are more than 2 million gallons per year and generate over \$160,000 annually, with the majority of fuel sales being comprised of jet fuel. With the addition of a planned FBO and corporate hangars for the south side of the airport, annual fuel volumes are projected to increase by approximately 1 million gallons. This increase is not included in revenue projections due to uncertainties related to the timing of FAA environmental project approval.

Interest income consists of approximately \$200,000 in revenue received from interest payments on liquid assets in the airport's fund balance and interest on real estate sale proceeds resulting from the Skywest Commons development. This revenue source fluctuates with the City's rate of return and investment strategies, but projected rates are consistent with Finance Department assumptions.

Total expenditures for the airport are projected to be less than \$1.9 million for fiscal year 2009. The largest single category of expenditures is employee services. Employee services include full-time airport staff, as well as cost allocation and interdepartmental charges to other City divisions for operational and administrative support to the airport. Projected expenditures are based on recent Council approved salary adjustments for various bargaining units. Also included are the service fees established to ensure the City is properly budgeting for replacement of vehicles, repair of facilities and information technology resources. The airport pays its fair share of these costs.

The Airport Layout Plan (ALP) is the official instrument used by the FAA for approval of airport development alternatives. The majority of future development opportunities for the Hayward Executive Airport are on the south side of the airfield. Several aviation developers have expressed a strong interest in development opportunities on the south side of the airport, including the ongoing negotiations with Bud Field Aviation for a Fixed Based Operator (FBO) commercial aviation business.

FISCAL IMPACT

After including the recently revised service fees, the Airport Enterprise Fund is projected to generate a small deficit of about \$45,000 after transferring \$700,000 into the CIP budget next year to fund airport projects not eligible for FAA funding (see Exhibit B1). This will begin to draw down the fund balance and will have to be addressed in the long-term. Those CIP projects include all landside improvements and capital acquisitions. Some examples of CIP projects are the Video Camera and Access Control projects, landscape improvements, noise monitoring equipment upgrades, and a new terminal building. CIP projects are assigned a priority and are programmed for implementation over a 5-year forecast. The City plans to move to a 10-year CIP forecast next year.

The Airport Enterprise Fund balance will be about \$2.5 million at the end of FY 08. After applying some standard assumptions to a 10-year operating budget forecast, it is projected that expenditures

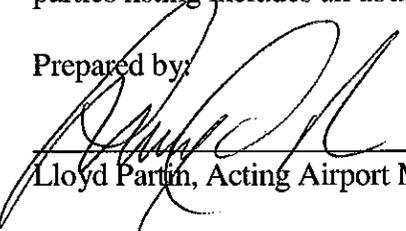
will begin to significantly outpace revenues beginning in 2013. A summary forecast data graph is attached as Exhibit B. Although the forecast over the next 5 years still projects a reasonable fund balance of \$2.3 million in 2013, planning for potential new revenue sources should begin now. The assumptions applied to the 10-year forecast are very conservative and have not taken into consideration additional land development, including both aviation and non-aviation commercial development opportunities on the south side of the airport. Some examples of additional revenue generating opportunities could be the construction of additional City-owned T-hangars. Currently, hangar rental revenue is expected to provide more than \$908,000 next year. The airport has a proven track record of successful T-hangar development that generates nearly a third of all revenues for the airport fund. Increased revenues would allow greater transfers to the CIP for needed airport improvements.

The airport has provided many financial benefits to the City and has provided valuable public services to both aviation and non-aviation businesses. The City has realized a recent and dramatic increase in aircraft property taxes from a little more than \$144,000 in fiscal year 2004 to more than \$714,000 in 2007. This revenue is available to support the City's General Fund. The tax is collected by Alameda County and the City's share is calculated on actual tax received derived from the assessed value of aircraft based at the Hayward Executive Airport.

PUBLIC CONTACT

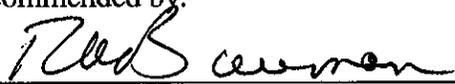
Staff makes the Council Airport Committee agenda available to all airport tenants and an interested –parties listing following approval and approximately one week before the meeting. The interested parties listing includes all abutting neighborhood associations and over 25 individuals.

Prepared by:



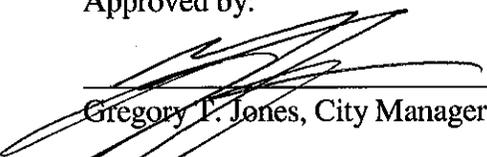
Lloyd Parth, Acting Airport Manager

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



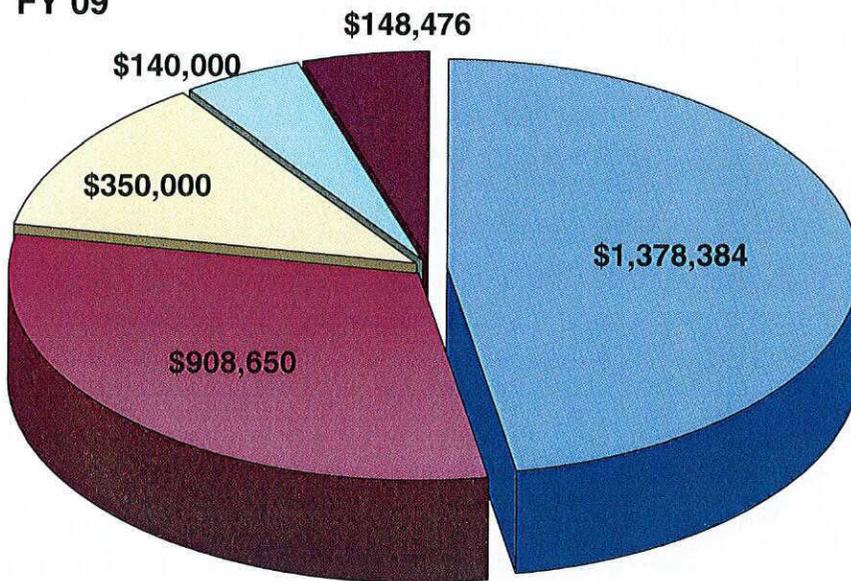
Gregory T. Jones, City Manager

Attachments:

- Exhibit A: FY 2009 Revenue and Expenditure Charts
- Exhibit B: 10-Year Summary Revenues vs Expenses & Transfers Out
- Exhibit B1: 10-Year Projected Operating Fund Balance

Projected Revenues

FY 09

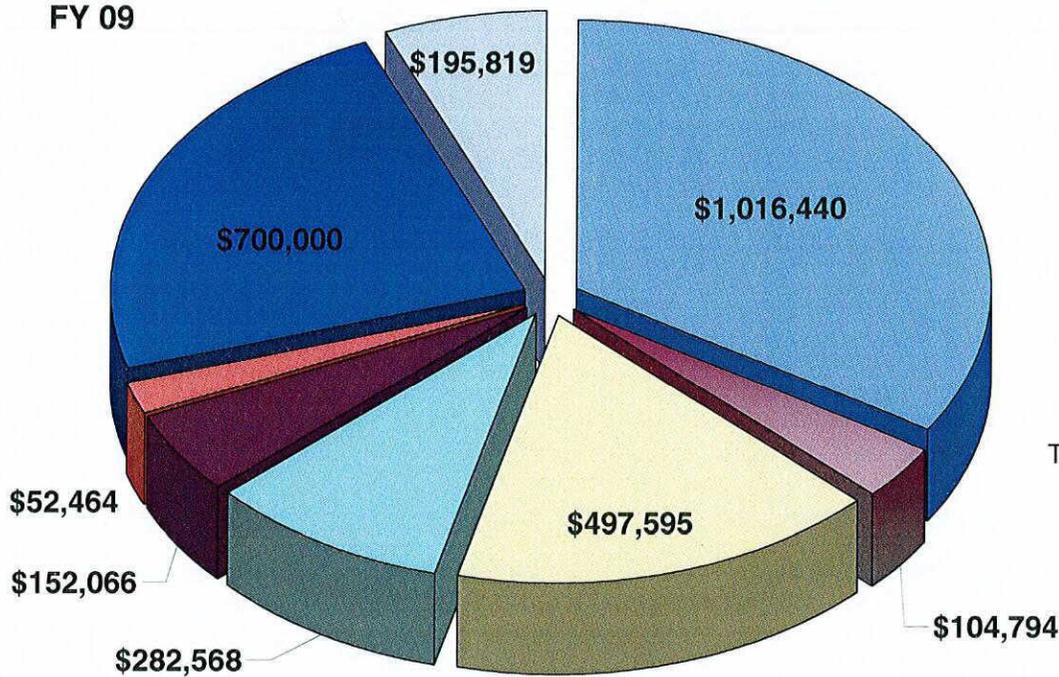


- Land Rent
- Hangar rent
- Commissions
- Real Estate Fund Interest Transfer
- Other:
 - Property Tax
 - City Earned Interest
 - Aircraft Tiedown Rent
 - Building Rental
 - Airport Fees and Permits
 - Transient Tiedown Fees
 - Other

Total - \$2,925,510

Projected Expenditures & Transfers

FY 09



- Employee Services
- Interdepartmental Charges
- Supplies and Services
- Maintenance & Utilities
- Cost Allocation
- Liability Insurance
- Capital Reserve Tsf
- Misc Trsfr - Water Debt Service

Total Expenditures - \$1,869,887

Total Transfers - \$1,100,349

Total - \$2,970,236

Exhibit A

Revenues vs Expenses & Transfers Out

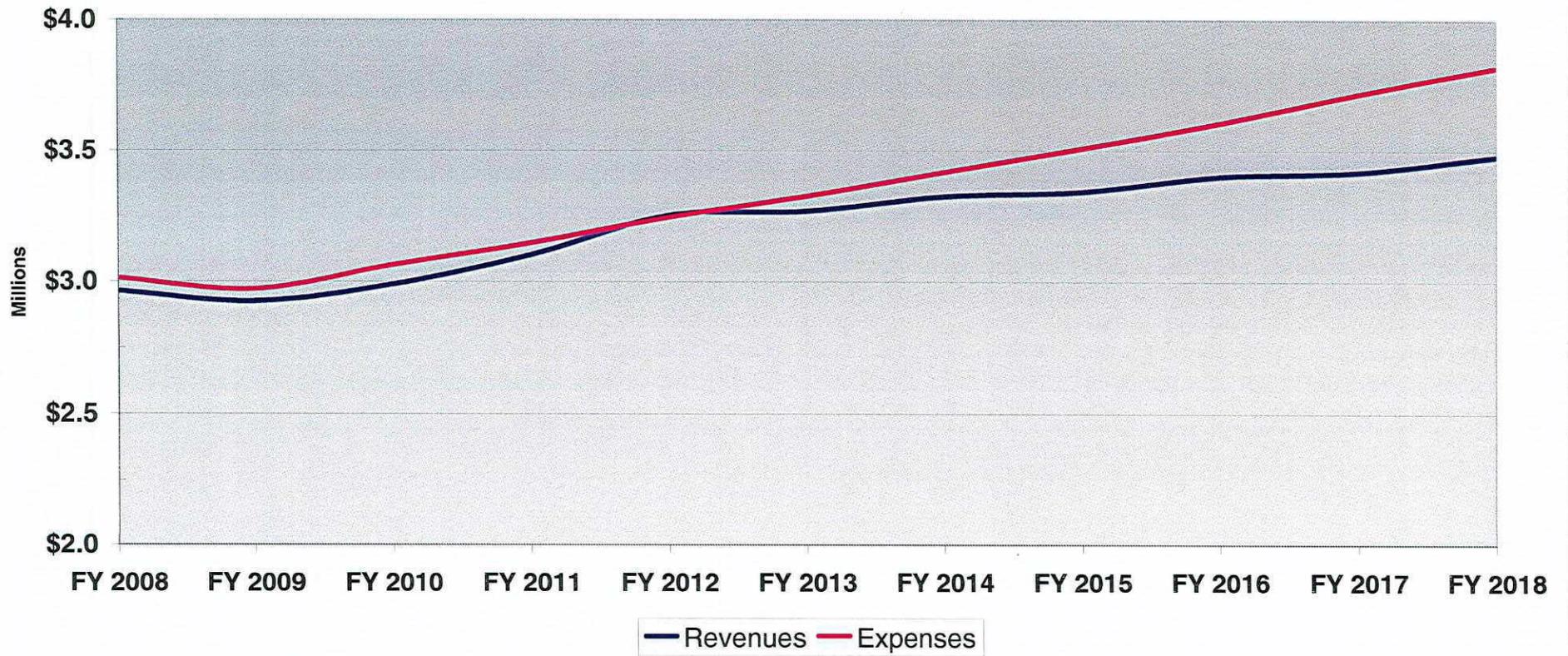


Exhibit B

Projected Operating Fund Balance

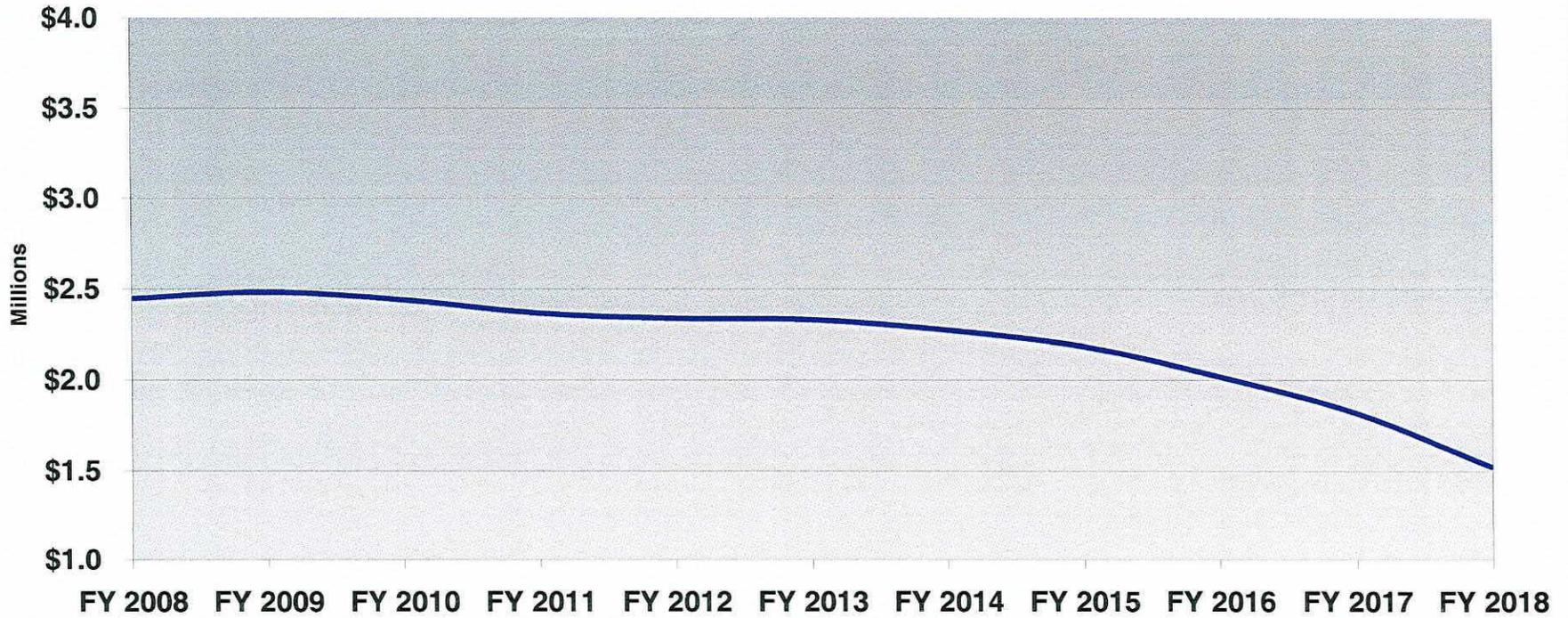


Exhibit B1